

Message Text

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ORIGIN STR-04

INFO OCT-01 EA-07 IO-13 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15 ITC-01
TRSE-00 PRS-01 SP-02 OMB-01 FEA-01 /090 R

DRAFTED BY STR:MPOMERANZ:ATN
APPROVED BY STR:MPOMERANZ
AGRICULTURE:J.BESHDAR
COMMERCE:B.MILLER
ST E:T.O'HERRON
LABOR:E.HABBERTON
TREASURY:W.BARREDA

-----043492 222247Z /61

O 222202Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO IMMEDIATE
INFO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 172088

PASS MICHAEL B. SMITH - GENEVA

E.O. 11652: GDS

TAGS: ETRD, GATT, JA

SUBJECT: THROWN SILK

REFS: (A) TOKYO 11040, (B) TOKYO 11066

1. EMBASSY COUNSELOR TANABE CALLED ON 301 CHAIRMAN POMERANZ
LATE ON JULY 21 TO REVIEW THROWN SILK PROBLEM. HE PROVIDED
NO INPUTS FROM TOKYO SO CONVERSATION WAS LARGELY A REVIEW
OF U.S. TALKING POINTS WITH OCCASIONAL FACTUAL CLARIFICATION
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REQUESTS FROM HIM. KEY POINTS AS FOLLOWS:

(A) WE ARE FULLY AWARE OF JAPANESE POLITICAL PROBLEMS. WITH
THEIR PARLIAMENTARY ELECTION OVER WE WOULD SUGGEST THAT
THEIR PROBLEM IS NO GREATER THAN OURS. THROWN SILK MILLS IN
EASTERN PENNSYLVANIA ARE IN ONE-INDUSTRY TOWNS WITH HIGH
UNEMPLOYMENT RATES. 600-700 EMPLOYEES INVOLVED ARE LARGELY

OLDER MEN AND WOMEN WITHOUT OTHERWISE EMPLOYABLE SKILLS.
JAPANESE TRADE MEANS DIFFERENCE BETWEEN OPERATING AT MINIMAL
LEVELS OR GOING OUT OF BUSINESS.

(B) IT ILL BEHOVES TWO MAJOR TRADING NATIONS TO ALLOW THIS
PROBLEM TO ESCALATE TO AN INTERNATIONAL CONFRONTATION WHEN
THE AMOUNT OF TRADE NEVER EXCEEDED 6 MILLION DOLLARS
ANNUALLY NOR MORE THAN 2 PERCENT OF JAPANESE IMPORTS OF
THROWN SILK. IT WOULD SEEM THAT MITI COULD QUIETLY START
LICENSING IMPORTS FROM U.S. WITH ADDITIONAL ASSURANCE TO
THE U.S. THAT A REASONABLE ANNUAL TOTAL WOULD BE ACHIEVED.
UNDER SUCH CIRCUMSTANCES WE WOULD QUICKLY TERMINATE GATT
PROCEEDINGS AND PUT A HOLD ON INTERNAL PROCEDURES FOR
RETALIATION. IN THIS WAY GOVERNMENT WOULD AVOID HAVING TO
CONFRONT, IN OPEN FORUM, THE APPROXIMATELY SEVENTEEN OTHER
SUPPLIERS WHO ALSO WOULD NOT HAVE QUOTA ARRANGEMENT WITH
JAPAN.

(C) ON A "PURELY PERSONAL AND CONFIDENTIAL" BASIS POMERANZ
SUGGESTED THAT GOJ PROVIDE AN IMMEDIATE SOLUTION TO THE
PROBLEM BY QUIETLY BEGINNING LICENSING WHICH WOULD ASSURE
IMPORTS OF 2500 BALES FROM THE U.S. IN THE COMING YEAR.

(D) TANABE HAD EARLIER NOT FOCUSED ON FACT THAT WHILE
JAPANESE IMPORT DATA SHOW U.S. IMPORTS OF ONLY 1515 BALES
IN 1975 AND 1721 BALES IN 1976, ALL OF THESE HAD BEEN LIC-
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ENSED BEFORE CUT OFF OF ALL U.S. EXPORTS IN FEBRUARY 1976,
AND THAT VIRTUALLY ALL WOULD HAVE ENTERED JAPAN IN 1975 IF
THEY HAD NOT BEEN HELD UP IN JAPANESE CUSTOMS. CONVERSA-
TION INDICATED THAT THIS WAS FIRST TIME HE UNDERSTOOD WHY
WE REFERRED TO A PEAK YEAR LEVEL OF OUR 3000 BALES.

2. CONTRARY TO KURODA'S STATEMENT, THE U.S. IS NOT CIRCUM-
VENTING JAPAN'S RAW SILK IMPORT LAW BY SENDING LOW QUALITY
THROWN SILK. U.S. TEXTILE NEGOTIATOR SMITH AND POMERANZ
DISCUSSED THIS ASPECT WITH JAPANESE TEXTILE NEGOTIATOR
SAKAI IN GENEVA RECENTLY AND IMPLICIT IN LATTER'S COMMENTS
WAS FACT THAT THAT CONDITION EXISTED WITH REGARD TO OTHER
COUNTRIES BUT NOT REPEAT NOT THE U.S.

3. EVEN AFTER ALL THESE MONTHS, WE HAVE STILL NOT RECEIVED
AN OFFER FROM JAPAN AS TO HOW TO SETTLE THIS PROBLEM. IF
EMBASSY CONSIDERS THIS WOULD HELP TO MOVE MATTERS FORWARD,
YOU ARE AUTHORIZED TO INFORM KAWASAKI, OR OTHER APPRO-
PRIATE GOJ OFFICIALS, THAT POMERANZ HAD EARLIER MADE 2500
BALE SUGGESTION TO TANABE.

4. WASHINGTON AND GENEVA WOULD APPRECIATE SUCH DETAILS AS

MAY BE OBTAINED FROM JAPANESE AS TO WHY THEY CONSIDER U.S.
GATT CASE TO BE WEAK. VANCE

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Message Attributes

Automatic Decaptioning: X
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Concepts: SILK, TARIFFS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Jul-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Film Number: D770262-1141
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